

## **EXHIBIT 10**

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

WALSH SECURITIES, INC.,

Action No. CV 97-3496 (WGB)

Plaintiff,

Hon. William G. Bassler

vs.

CRISTO PROPERTY MANAGEMENT, LTD.,  
a/k/a G.J.L. LIMITED, DEK HOMES OF  
NEW JERSEY, INC., OAKWOOD PROPERTIES,  
INC., NATIONAL HOME FUNDING, INC., CAPITAL  
ASSETS PROPERTY MANAGEMENT &  
INVESTMENT Co., Inc., CAPITAL ASSETS  
PROPERTY MANAGEMENT, L.L.C., WILLIAM  
KANE, GARY GRIESER, ROBERT SKOWRENSKI, III,  
RICHARD CALANNI, RICHARD DiBENEDETTO,  
JAMES R. BROWN, THOMAS BRODO, ROLAND  
PIERSON, STANLEY YACKER, ESQ., MICHAEL  
ALFIERI, ESQ., RICHARD PEPSNY, ESQ.,  
ANTHONY M. CICALESE, ESQ., LAWRENCE  
CUZZI, ANTHONY D'APOLITO, DAP CONSULTING,  
INC., COMMONWEALTH LAND AND TITLE INSURANCE  
CO., NATIONS TITLE INSURANCE OF NEW YORK,  
INC., FIDELITY NATIONAL INSURANCE CO.  
OF NEW YORK, COASTAL TITLE AGENCY,  
STEWART TITLE GUARANTY COMPANY,  
IRENE DIFEO, DONNA PEPSNY, WEICHERT  
REALTORS, AND VECCHIO REALTY, INC. D/B/A  
MURPHY REALTY BETTER HOMES and GARDENS.

Defendants.

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DEPOSITION OF: WILLIAM KANE.

DATE/TIME: May 4, 2007; 9:30 a.m.

PLACE: Kanabay Court Reporters  
Feather Sound Square, Suite 19  
Clearwater, Florida

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1 A. No.

2 Q. I believe because he had told us at one point that  
3 he recalled on a couple of occasions prior to Cristo to a  
4 straw buyer sale being completed, he had gone to the bank  
5 with you or Mr. Grieser and withdrawn funds from his trust  
6 account to give to you or Mr. Grieser.

7 Do you recall that?

8 A. Yes.

9 Q. And that sometimes occurred prior to the actual  
10 transaction from Cristo to the straw buyer closing?

11 A. 99.9 percent of the time.

12 Q. What did -- on the HUD statements on the closings,  
13 there's a variety of closing costs for each of these straw  
14 buyers. Who actually paid the closing costs?

15 A. It would come off the top. So it would come out  
16 of the funds wired in from Walsh Securities.

17 Q. What were those closing costs that had to be paid  
18 outside of payments to you and Mr. Grieser and Mr. Yacker?

19 A. You'd have recording fees. I don't know if the  
20 appraisals were on there or not on there, you know, the  
21 legal fees, Rick's legal fees, Yacker's legal fees.

22 Q. Did Mr. Pepsny ever get paid anything extra beyond  
23 his legal fees for either the acquisition by Cristo or the  
24 sale by Cristo?

25 A. No, sir.

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1 BY MR. MAGNANINI:

2 Q. Okay. That was question. Do you recall any  
3 conversations with Mr. Calanni about these 10 loans that  
4 were kicked back or something like that?

5 MR. CALANNI: Can I object now? I never said  
6 Bill Kane threatened me in any way. I did say that  
7 we had a discussion about 10 appraisals that were  
8 kicked back, and Kellie first called me on it and  
9 then Bill. But there was never a statement. I  
10 never said that Bill Kane ever threatened me or we  
11 ever had a conversation near that.

12 BY MR. MAGNANINI:

13 Q. Well, you can answer the question, Mr. Kane.

14 Do you recall --

15 A. No, I don't recall the conversation, no.  
16 Honestly, sir, I don't even remember the 10 appraisals. I'm  
17 sure it happened. I just don't remember.

18 MR. CALANNI: All right. That's all.

19 BY MR. MAGNANINI:

20 Q. Okay. Mr. Kane, did you -- how did you come upon  
21 these straw buyers that were listed on the loans that Walsh  
22 Securities were funding?

23 A. Gary Grieser arranged that.

24 Q. And do you know how he went about locating people?

25 A. In the beginning it was friends of his. Then he

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1 Q. So he just benefitted from the volume of the --

2 A. Right. Because don't forget, he got double  
3 because he got the purchase and the sale.

4 Q. I see. Did you ever have a conversation with  
5 either Mr. DiBenedetto or Mr. Calanni in which you told them  
6 you had a desk at Walsh Securities?

7 A. That was a joke just because I would be up there  
8 at the end of the month all the time with my loans. And I  
9 would sit there until they were done if there were any  
10 problems or anything. So that was just a standing joke.

11 Q. And Mr. Calanni had asked you before about these  
12 10 appraisals that were, I guess, cause for concern with  
13 him. I believe at some point he testified that he tried to  
14 talk to you about the appraisals and you had threatened him  
15 and said don't get involved or leave the appraisals alone.

16 Do you recall that conversation?

17 MR. CALANNI: I never said that Bill Kane  
18 threatened me.

19 MR. KOTT: Mr. Calanni, there's one rule. You  
20 have to let the lawyer finish the question before  
21 you speak objections, so the court reporter can get  
22 his whole question --

23 MR. MAGNANINI: Yes, otherwise it gets chopped  
24 up.

25 MR. CALANNI: My apologies. I didn't --

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1 had an older gentleman that used to work for him before  
2 Larry Cuzzi.

3 Q. Who is that, the older gentleman?

4 A. If I heard his name, I could tell you. He owned a  
5 restaurant up north someplace, and him and Gary went back a  
6 long time from Roselle Park -- he had a restaurant in  
7 Roselle Park. And I forgot his name. And they were  
8 actually --

9 I apologize?

10 Q. Thomas -- Thomas Leotis?

11 A. No, he's not on any of the loan papers. He never  
12 did a loan himself. He worked for Gary, and he would  
13 advertise in the newspapers and different things.

14 And then after him, Gary brought on Larry Cuzzi;  
15 and then after Larry, it was his secretary that was getting  
16 buyers.

17 Q. What was her name?

18 A. Long time, sir. If you said it, I'd remember it,  
19 but it's been a long time.

20 Q. Yes, because we saw advertisements from an Anna  
21 Leotis about this great opportunity to buy an investment  
22 property with no money down and be a part owner in this real  
23 estate.

24 A. Was Anna Leotis --

25 Q. She is --



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1 MR. MCGOWAN: He's starting to become senile.  
 2 MR. MAGNANINI: You're never going to walk out  
 3 of here kicking yourself. It's even worse if you're  
 4 an associate like Ms. Patel because when she goes  
 5 back, there's always some smart guy that tells her  
 6 why didn't you ask this, why didn't you ask --

7 (Laughter.)

8 BY MR. MAGNANINI:

9 Q. But, Mr. Kane, I'd like to talk about the  
 10 acquisition and the turnover of the properties. These sales  
 11 have been described, especially in the papers, as flips.

12 And is there anything per se wrong or illegal with  
 13 flipping a property?

14 A. Not to my knowledge, no.

15 Q. And when Walsh Securities -- did Walsh Securities  
 16 have a flip program?

17 A. Not that I know of.

18 Q. And how did you learn about what Walsh Securities  
 19 programs were?

20 A. They would come through Selective Financing in the  
 21 beginning and then D'Apolito and Anthony Ispisano.

22 Q. So you either got the information from a mortgage  
 23 broker or Walsh's loan officer D'Apolito --

24 A. That's correct.

25 Q. -- about what programs they offered? Okay.

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1 A. Well, we'll just take one particular deal. Let's  
 2 say it was a norm where we didn't own it first. So if  
 3 \$100,000 is coming in and we're paying \$35,000 for the  
 4 purchase, plus the closing costs for the purchase, that  
 5 should have went over to Mr. Pepsny's office; and then the  
 6 balance was -- you know, there was no set scenario. You  
 7 know, let's say there was \$20,000 left over, or \$50,000,  
 8 whatever the number was. You figured there was x-amount of  
 9 dollars in construction, and I'd give Gary more and I'd take  
 10 less. It was never a set number that had to be done.

11 Q. Okay. And then Mr. Grieser would use at least  
 12 some of the money to pay the mortgages on the existing  
 13 loans; correct?

14 A. That is correct, sir.

15 Q. And what did you use the money for?

16 A. Well, I was running the office, used it for down  
 17 payment. After we started going, it would be used for down  
 18 payments or other houses, paying my office staff salary and  
 19 living expenses and lawyers at the end.

20 Q. How much did you pay your lawyers at the end?

21 A. They got me good. I don't remember the exact  
 22 number. I remember your filing that you, of course, did  
 23 that time cost me about \$150,000 for that first one when you  
 24 filed the original lawsuit, that Klienfeld or whatever.  
 25 That was about \$150,000.

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1 How did these transactions differ from a typical  
 2 flip?

3 A. A legitimate flip?

4 Q. A legitimate flip.

5 A. Okay.

6 Q. Rather than a typical. I'll sustain your  
 7 objection.

8 A. On a true flip, the house, we would have went in,  
 9 done the work, whatever had to be done, and then market the  
 10 house and sell it, and not occupy it.

11 Q. And then the difference with these properties, the  
 12 sale is prior to the renovation occurring?

13 A. Correct.

14 Q. And I guess you've also testified that the sale  
 15 occurred prior to you actually buying or acquiring title to  
 16 the property?

17 A. Correct.

18 Q. So the money that was used to fund the sale from  
 19 Walsh Securities that one of the straw buyers purchased,  
 20 that money was also used to pay the entity or person that  
 21 sold the property to Cristo?

22 A. Correct.

23 Q. So the money that would get wired in for a  
 24 standard transaction would get divided up. After you paid  
 25 closing costs and legal fees, who would get the money?

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1 Q. Okay. That -- yes, they were from New York. That  
 2 was the original case in July of '97.

3 A. Correct. And then the legal fees, I had  
 4 Sorrentino, I had Washore (phonetic), Calpagno with all the  
 5 code enforcement and different problems all around. I  
 6 couldn't even put a number on the legal fee. It was up  
 7 there though.

8 Q. More than \$500,000?

9 A. Yes.

10 Q. More than \$1 million?

11 A. No, I don't think so. No.

12 Q. Did you ever invest -- I don't want to say  
 13 invest -- but put any of the proceeds or the money that was  
 14 generated between 1995 and 1997 in any offshore account?

15 A. No, sir.

16 Q. My assumption is that when you resolved these  
 17 matters with the federal government they went through your  
 18 finances with a --

19 A. -- fine tooth comb.

20 Q. And then what assets do you own today?

21 A. Nothing.

22 Q. And the house is in your wife's name you  
 23 testified?

24 A. Yes, sir.

25 Q. Do you own any businesses?